

FISCAL NOTE
SB 9
FIRST EXTRAORDINARY SESSION

January 19, 2006

SUMMARY OF BILL:

CAMPAIGN FINANCE PROVISIONS

- Requires more frequent filing of statement of contributions and expenditures by state and local candidates and political campaign committees and Internet posting of reports by the Registry of Election Finance (the "Registry").
- Transfers enforcement of conflict of interest law to the newly created Tennessee Ethics Commission.

CONFLICT OF INTEREST

- Creates Tennessee Ethics Commission (TEC) consisting of six members, with authority to administer conflict of interest law, including investigation of alleged violation of laws utilizing subpoena power and administration of oaths, punish violations through civil penalties, and to conduct ethics training seminars for supervisory personnel in the executive branch, members of the general assembly, lobbyists and employers of lobbyists.
- Members of the Commission serve without compensation, but receive mileage and expense reimbursement.
- Authorized to hire staff, including an executive director and legal counsel.
- Attorney general is required to render opinions, give counsel, and provide investigative services to TEC.
- Electronic filing of conflict of interest statements and reports.
- TEC authorized to receive sworn complaints against public officials from any citizen of Tennessee, and to investigate on its own motion. Complaints referred to Attorney General for preliminary investigation.
- Authority to assess costs and opposing party's attorney's fees if TEC determines that citizen's complaint lacks probable cause.

ESTIMATED FISCAL IMPACT

Increase State Expenditures:	<u>Recurring</u>	<u>One-Time</u>	<u>Total</u>
Ethics Commission	\$350,000	\$ 50,000	\$400,000
Registry of Election Finance	1,500	67,000	68,500
Office of Attorney General	<u>426,400</u>	<u> </u>	<u>26,400</u>
	<u>\$777,900</u>	<u>\$117,000</u>	<u>\$894,900</u>

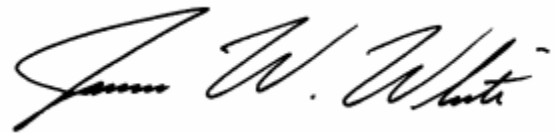
Increase State Revenues – Exceeds \$10,000/General Fund

Assumptions:

- No significant additional revenue to the Registry for late filing fees from more frequent filing requirements.
- No significant reduction in Registry expenditures from transfer of conflict of interest law enforcement to TEC.
- Based on staffing and operating activities of commissions similar to TEC in other states, eight positions at an annual cost of \$350,000 and annual operating expenses in the amount of \$50,000 will be required. TEC staff will conduct day-to-day operations, including interaction with filers and the public, preparing and conducting ethics training, preparing ethics manuals, and participation in investigations of alleged violations of the law.
- Civil penalties assessed by TEC for violation of conflict of interest requirements will generate an amount exceeding \$10,000, returned to the general fund.
- Attorney General will require two new attorneys, two new investigators, and two new secretary positions at a total annual cost of \$426,400 to carry out additional investigative and advisory duties.
- Provisions of the bill are effective on various dates. Fiscal impact is the estimated first full year impact.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director